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June 8, 2004

VIA HAND-DELIVERY

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: D.T.E. 04-01 - Investigation Regarding the Assignment of Interstate Pipeline Capacity

Dear Secretary Cottrell:

Enclosed for filing in the above-referenced docket are the Responses of Bay State Gas Company ("Bay State" or "Company" or "BSG") to the First Set of Information Requests issued by the Department of Telecommunications and Energy ("Department") on May 26, 2004. Specifically, enclosed are the responses to:

DTE-1-LDC-1 through DTE-1-LDC-13, and

DTE-1-Bay State-1 through DTE-1-Bay State-4.

Also enclosed herewith is Bay State's Motion for Protective Treatment related to the pricing terms requested in response to DTE-1-LDC-1 and DTE-1-LDC-3. One copy of the CONFIDENTIAL responses will be filed with the Hearing Officer.

Please do not hesitate to contact me with any questions. Kindly date-stamp a copy of this letter for our files and return it to us in the enclosed envelope.

Thank you for your attention to this matter.

Very truly yours,

Patricia M. French/SBL

Patricia M. French

cc: Caroline M. Bulger, Hearing Officer (1 copy)
Andreas Thanos, Assistant Director, Gas Division (5 copies)

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

INVESTIGATION INTO ASSIGNMENT INTERSTATE PIPELINE CAPACITY	)	D.T.E. 04-1

MOTION OF BAY STATE GAS COMPANY FOR PROTECTIVE TREATMENT

NOW COMES Bay State Gas Company ("Bay State") and respectfully requests that the Department of Telecommunications and Energy ("the Department") grant it protection from public disclosure over certain confidential, competitively sensitive and proprietary information submitted in this proceeding and in accordance with G.L. c. 25, sec. 5D. In support of its Motion, Bay State states:

1. On January 2, 2004, the Department opened this investigation into whether upstream capacity markets were sufficiently competitive to warrant the Department allowing the voluntary assignment of interstate pipeline capacity rights by gas companies under the Department's jurisdiction to other entities.

2. On March 1, 2004 and March 29, 2004, Bay State filed its initial comments and its reply comments in to the questions raised by the Department's inquiry.

3. On May 26, 2004, the Department issued its first set of information requests of the gas companies and marketers participating in the proceeding. As part of the requests made by the Department of local distribution companies ("LDC's") in the proceeding, the Department asked for, inter alia, the pricing terms for all current gas

supply and storage contracts (DTE-1-LDC-1(d)) and the pricing terms for all asset/portfolio management contracts (DTE-1-LDC-3(c)).[1]

4. Bay State's responses to DTE-1-LDC-1(d) and DTE-1-LDC-3(c) necessarily includes confidential and competitively sensitive natural gas commodity and demand pricing information. Bay State uses the commodity and demand costs of gas supplies procured in the competitive market to evaluate its alternatives, to negotiate, and to bargain with competing entities for a best-cost portfolio of supply, storage and asset/management contracts. This pricing information constitutes confidential and competitively sensitive business information. Therefore, Bay State seeks protection for DTE-1-LDC-1(d) and DTE-1-LDC-3(c) consistent with the protection commonly granted to semi-annual cost of gas adjustment filings. Protection for this information is appropriate pursuant to Chapter 25, section 5D of the General Laws of Massachusetts.

5. G.L. c. 25, sec. 5D is specifically designed to protect against disclosure of competitively sensitive information. That provision, in part, provides

> [T]he [D]epartment may protect from public disclosure, trade secrets, confidential, competitively sensitive or other proprietary information provided in the course of proceedings conducted pursuant to this chapter. There shall be a presumption that the information for which protection is sought is public information and the burden shall be upon the proponent of such protection to prove the need for such protection. Where such a need has been found to exist, the [D]epartment shall protect only so much of the information as is necessary to meet such need.

[1] The Department also sought the pricing terms for all current transportation contracts. DTE-1-LDC-2(c). Bay State does not seek protection over its response to DTE-1-LDC-2(c) because the pricing terms of the transportation contracts it holds are at maximum tariff rates under the jurisdiction of the Federal Energy Regulatory Commission ("FERC") and are publicly available.

G.L. c. 25, sec. 5D. In determining the existence and extent of such need, the Department must consider the presumption in favor of disclosure and the specific reasons why disclosure of the disputed information benefits the public interest. Berkshire Gas Co., D.P.U. 93-187/188/189/190 at 16 (1994). The utility must show need by a specific factual demonstration and with respect to price terms, must show the manner in which the price term is competitively sensitive. Id.

6. The Department has previously granted protective orders over pricing information in order to avoid informing the market of LDC pricing strategy and results from negotiations, which if divulged, could weaken a utility's bargaining position and potentially increase the cost of procuring supplies for Bay State and its customers. See, e.g. Colonial Gas Co., D.P.U. 96-18 at 4 (1996) (protected pricing terms in gas supply contract, including all reservation fees and demand charges, commodity charges and other pricing information).

7. Disclosure of Bay State's confidential pricing information relative to current gas supply, storage contracts and asset/portfolio management contracts may jeopardize Bay State's current and future attempts to obtain the lowest pricing for its gas supplies, storage contracts and asset/portfolio management contracts. This confidential, commercially sensitive and proprietary information is the type of information the Department may protect from public disclosure pursuant to G.L. c. 25, sec. 5D and is the type of information that the Department has previously recognized is appropriate for protection.

WHEREFORE, Bay State Gas Company respectfully requests that the Department of Telecommunications and Energy grant its Motion for Protective Treatment as stated herein, and protect from public disclosure the contents of the attachments responding to DTE-1-LDC-1(d) and DTE-1-LDC-3(c) that contain confidential pricing information relative to Bay State Gas Company's current gas supply, storage contracts and asset/portfolio management contracts.

Respectfully submitted,

BAY STATE GAS COMPANY

By its attorney,

Patricia M. French
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DATED: June 8, 2004

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIRST SET OF INFORMATION REQUESTS FROM THE D.T.E.
D.T.E. 04-1

Date: June 8, 2004

Witness Responsible: Francisco C. DaFonte

All LDCs-1: Please provide the following information for all of the Company's current gas supply and storage contracts in a tabular form.
(a) name of supplier or storage facility
(b) length of contract, indicating starting and expiration dates
(c) total volume and Maximum Daily Quantity ("MDQ")
(d) pricing terms
(e) delivery points
(e) terms of contract, e.g., whether evergreen

RESPONSE: See Attachment DTE-1-LDC-1 for the table presenting the requested information for the Company's current gas supply and storage contracts.

Bay State Gas

Supply Contracts

Supplier	Effective Date	Contract Expiration	Days	MDQ	ACQ	Min Take	Demand Cost	Commodity Cost	Delivery Points	Evergreen Provision
Encana	1/15/2003	3/31/2005	365	10,319	3,766,435	0%			Tennessee at Niagara PNGTS at East	None
DEM	11/1/1991	10/31/2006	365	4,900	1,788,500	100%			Hereford	None
Husky	12/1/2000	10/31/2005	365	6,424	2,344,760	100%			Tennessee at Niagara	None
Masspower	11/1/1993	3/31/2009	20	25,000	500,000	0%			Bay State's Citygate	None

*:100% load factor rate on TransCanada PipeLines from Niagara to East Hereford.

Storage Contracts

Provider	Effective Date	Contract Expiration	Days	MDWQ	Capacity	Demand (1)	Demand (2)	Commodity	Delivery	Invoices	Contract No.	Rate Schedule	Notice Period	Evergreen Provision
Dominion	10/1/1993	3/31/2011	98	14,758	1,441,753				Into Texas Eastern	12	600002	GSS-TE	Two Years	One Year
National Fuel	4/1/2004	3/31/2005	60	10,000	1,100,000				Into Tennessee	12	O10669	FSS	Six Months	Six Months
Texas Eastern	9/1/1994	4/30/2012	60	1,056	63,360				Into Algonquin	12	400502	FSS-1	Five Years	One Year
Texas Eastern*	9/1/1994	4/30/2013	70	22,819	1,588,950				Into Algonquin	12	400193	SS-1	Five Years	One Year
Tennessee	12/1/1994	10/31/2008	62	19,755	1,222,594				Into Tennessee	12	5178	FS-MA	One Year	Five Years
MCN**	4/1/1998	3/31/2008	151	16,000	2,416,000				Into PNGTS	5	NA	NA	None	None

*: Service includes storage and transportation to Algonquin Gas Transmission

**: Demand cost includes annual transportation charges on TransCanda Pipelines.

COMMONWEALTH OF MASSACHUSETTS
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RESPONSE OF BAY STATE GAS COMPANY TO THE
FIRST SET OF INFORMATION REQUESTS FROM THE D.T.E.
D.T.E. 04-1

Date: June 8, 2004

Witness Responsible: Francisco C. DaFonte

All LDCs-2: Please provide the following information for all current transportation contracts in a tabular form.
(a) length of contract, indicating starting and expiration dates
(b) total volume and Maximum Daily Quantity ("MDQ")
(c) pricing terms
(d) terms of contract, e.g., whether evergreen
(e) name of interstate pipeline

RESPONSE: See Attachment DTE-1-LDC-2 for the table presenting the requested information for the Company's current transportation contracts.

Bay State Gas
Firm Transportation Contracts

Pipeline	Contract	Rate Schedule	Effective Date	Contract Expiration	Days	MDQ	Monthly Demand	Commodity	Notice Period	Evergreen Provision
Algonquin	93001EC	AFT-1(F-1/WS-1)	12/1/1997	10/31/2012	365	51,632	$6.6354	$0.0173	One Year	One Year
Algonquin	93201AC	AFT-1 (F-2 & F-3)	12/1/1997	10/31/2012	365	5,489	$6.6354	$0.0173	One Year	One Year
Algonquin	93401	AFT-1 (F-4)	6/1/1993	10/31/2012	365	5,690	$6.6354	$0.0173	One Year	One Year
Algonquin	93001F	AFT-1 (AFT-2)	11/1/1993	10/31/2012	365	18,584	$6.1638	$0.0061	One Year	One Year
Algonquin	94501	AFT-1 (AFT-5)	11/1/2004	10/31/2014	365	14,758	$12.6765	$0.0061	One Year	One Year
Algonquin	510066	AFT-1(H)	11/1/2003	10/31/2012	365	20,000	$6.9958	$0.0173	One Year	One Year
Granite*	93101F	FT-NN	11/1/2000	10/31/2003	151	40,600	$3.9500	$0.0061	One Year	One Month
Granite*	93102F	FT-1	11/1/2000	10/31/2003	365	21,400	$1.7166	$0.0061	One Year	One Month
Iroquois	R182001	RTS-1	9/1/1999	10/31/2012	365	28,507	$7.5387	$0.0056	One Year	One Year
National Fuel	F01451	FT	9/1/1993	10/15/04	365	6,424	$4.0402	$0.0000	Six Months	Six Months
National Fuel	N10670	FST	4/1/2004	03/31/05	365	10,000	$0.0000	$0.0126	Six Months	Six Months
PNGTS	1997-001	FT	3/10/1999	03/09/19	365	4,900	$25.8542	$0.0021	Two Years	One Year
PNGTS	1997-002	Negotiated FT	3/10/1999	03/09/19	151	40,600	$49.1229	$0.0021	Two Years	One Year
Texas Eastern	800462	CDS	11/1/1999	10/31/12	365	36,369	$14.2268	$0.0918	Five Years	One Year
Texas Eastern	800414	CDS	9/1/1994	10/31/12	365	1,056	$5.2340	$0.0290	Five Years	One Year
Texas Eastern	800382	FT-1	11/1/1993	10/31/09	365	4,235	$5.8940	$0.0290	Five Years	One Year
Tennessee	39741	FT-A	6/1/1993	03/31/10	365	4,081	$4.9300	$0.0180	One Year	One Year
Tennessee	5291	FT-A	11/1/1993	03/31/10	365	6,171	$4.9300	$0.0787	One Year	Five Years
Tennessee	5293	FT-A	11/1/1993	10/31/08	365	12,547	$5.8900	$0.0856	One Year	Five Years
Tennessee	5196	FT-A	11/1/1993	03/31/09	365	15,375	$5.8900	$0.0856	One Year	Five Years
Tennessee	5173	FT-A	11/1/1993	10/31/08	365	12,748	$15.6300	$0.1560	One Year	Five Years
Tennessee	41098	FT-A	12/7/1999	10/31/12	365	18,733	$6.8592	$0.0022	One Year	One Year
Tennessee	29651	FT-A	10/1/1999	02/13/12	365	6,170	$11.9747	$0.0787	One Year	Five Years
Tennessee	31855	NET 284	8/1/1994	10/31/12	365	9,774	$7.1706	$0.0022	One Year	One Year
Transco	1006548	FT	11/1/1993	06/01/08	365	1,254	$2.8992	$0.0045	One Year	One Year
Texas Gas	T4942	FT	11/1/1993	10/31/05	365	4,336	$9.1068	$0.0538	One Year	Five Years

*:Contract is currently in evergreen status

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIRST SET OF INFORMATION REQUESTS FROM THE D.T.E.
D.T.E. 04-1

Date: June 8, 2004

Witness Responsible: Francisco C. DaFonte

All LDCs-3: Please provide the following information for all of the Company's asset/portfolio management contracts in a tabular form.
(a) name of asset/portfolio manager
(b) length of contract, indicating starting and expiration dates
(c) pricing terms
(d) terms of contract, e.g., whether evergreen

RESPONSE: See Attachment DTE-1-LDC-3 for the table presenting the requested information for the Company's asset/portfolio management contracts.

CONFIDENTIAL: PRICING INFORMATION - REDACTED

Asset Manager	Description	Start Date	End Date	Pricing Terms for Gas	Monthly Fees Collected	Evergreen	Pipeline
NJR	National Fuel Storage/Transportation	5/1/2004	3/31/2005			N	National Fuel/Tenness
TXU	GSSTE Storage/Transportation	5/1/2004	4/30/2005			N	Dominion/Transco/TE
TXU	FSMA Storage/Transportation	5/1/2004	4/30/2005			N	Tenneessee Gas Pipe

The contracts above are for storage refill (summer) and winter citygate redelivery

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIRST SET OF INFORMATION REQUESTS FROM THE D.T.E.
D.T.E. 04-1

Date: June 8, 2004

Witness Responsible: Joseph A. Ferro

All LDCs-4: Please discuss and fully support your answer with respect to the reduction in the number of marketers since 1999 up to day. Is it because consumers decide to migrate back to the LDC or it is because marketers leave the system and as a result, customers have to go back to default service?

RESPONSE: Bay State's experience reveals that the substantial reverse migration that has occurred on its system is marketer rather than customer-driven. Of the marketers that have done business on Bay State's system over the ten-year period during which transportation service has been offered, less than 20% remain active today. At various times over this period, most marketers have returned the majority of transportation customers to Bay State's gas supply service, either during or at the end of the service term. While the reasons that marketers opt to discontinue service vary, it can be said that customers generally do not make an independent election to return to default service. This is consistent with research conducted by Bay State during the period that demonstrated choice was both viable for and desired by residential customers. In particular, customers were generally satisfied with the service they received on an unbundled basis.

In Bay State's view, the reasons that marketers have exited the market vary widely. For instance, those marketers who were exclusively focused on the residential market indicated to Bay State that the customer support expected by the residential market was significantly beyond expectation. These marketers had not properly gauged customer expectations that their call centers should stand by for their inquiries. In addition, residential customer collections activities were more costly. Marketers also indicated that the margins made on sales to individual residential customers were just too small to justify the expense associated with competing in the residential market.

In addition to the impediments cited that were related to higher standards for customer service, several marketers also cited that they had experienced operational difficulties that also contributed to their decision to stop serving Bay State's customers. Principal among these was the difficulty managing the price run-up in wholesale markets that occurred during the 2000-01 winter season. Many customers were returned to

default service during or immediately following this period. Other marketers noted that the penalties from January 2000 Operational Flow Orders were a deciding factor in exiting the market. This view was expressed succinctly by one exiting marketer, who stated that two years worth of profit could be offset by a single month's penalties as a result of under-deliveries on a critical day.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIRST SET OF INFORMATION REQUESTS FROM THE D.T.E.
D.T.E. 04-1

Date: June 8, 2004

Witness Responsible: Joseph A. Ferro

All LDCs-5: Please provide information on transportation service for the period 1996-present on a seasonal basis (heating and non-heating seasons) as it is depicted in attached Table 1: "Transportation Service"

RESPONSE: The Company does not maintain the requested information in the format set out on Table 1. However, Bay State has provided the Department with information at the time of its Cost of Gas Adjustment filings that includes with Sales, Transportation and Reverse Migration number of customers and associated volumes by rate class and by month, covering the period of November 1996 through October 2003. Accordingly, since Bay State has that information readily available, attached as an initial response to this request, are copies of three Company submittals of this data under letters dated: (1) May 2002, pertaining to data for the period November 1996 through February 2002; (2) December 24, 2002, pertaining to data for the period January 2002 through September 2002; and (3) February 2, 2004, pertaining to data for the period January 2002 through October 2003.

While Bay State does not have available the requested data broken out between "Capacity Exempt" and "Non-Capacity" Exempt categories, it is proceeding to generate the data now and as requested will provide it to the Department and the parties as a supplemental or updated response as soon as it is available.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIRST SET OF INFORMATION REQUESTS FROM THE D.T.E.
D.T.E. 04-1

Date: June 8, 2004

Witness Responsible: Joseph A. Ferro

All LDCs-6: Please provide information on reverse migration experienced by the Company during the period 1996-present on a seasonal basis (heating and non-heating seasons) as depicted in attached Table 2: "Reverse Migration".

RESPONSE: The Company does not maintain the requested information in the format set out on Table 1. However, Bay State has provided the Department with information at the time of its Cost of Gas Adjustment filings that includes Sales, Transportation and Reverse Migration number of customers and associated volumes by rate class and by month, covering the period of November 1996 through October 2003. Accordingly, since Bay State has that information readily available, please see the attachment to DTE-1-LDC-5, as an initial response to this request. This attachment includes copies of three Company submittals of this data under letters dated: (1) May 2002, pertaining to data for the period November 1996 through February 2002; (2) December 24, 2002, pertaining to data for the period January 2002 through September 2002; and (3) February 2, 2004, pertaining to data for the period January 2002 through October 2003.

While Bay State does not have available the requested data broken out between "Capacity Exempt" and "Non-Capacity" Exempt categories, it is proceeding to generate the data now and as requested will provide it to the Department and the parties as a supplemental or updated response as soon as it is available.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIRST SET OF INFORMATION REQUESTS FROM THE D.T.E.
D.T.E. 04-1

Date: June 8, 2004

Witness Responsible: Joseph A. Ferro

All LDCs-7: Please provide information on marketers serving the Company's service territory during the period 1996-present on a seasonal basis (heating and non-heating seasons) as depicted in Table 3: "Active Marketers".

RESPONSE: Please see Attachment DTE-1-LDC-7, which presents the requested marketer information from the 2001 summer period to the 2003-2004 winter period. The Company will now work towards compiling this information pertaining to seasons prior to the 2001 summer period. The Company will provide any additional data to the Department and the parties as a supplemental or updated response as soon as it is available.

Season-Year	Volumes		Active Period	
		% of total		
Summer 2001	**MMBtu**	**Sendout**	**Entering Date**	**Exiting Date**
Adams Energy	190,193	0.9%	Aug-00	Nov-03
AllEnergy/TOG	1,643,219	8.1%	Sep-96	Dec-03
Amerada Hess	957,786	4.7%	Jan-96	present
EnergyEast	51,290	0.3%	Jan-96	present
Enron	0	0.0%	Sep-97	Apr-00
HESCO	77,079	0.4%	Jan-96	present
Metromedia	370,873	1.8%	Oct-99	present
Metromedia2	270,010	1.3%	Oct-99	present
NE Energy	245,102	1.2%	Aug-00	Nov-03
Scasco	107,949	0.5%	Mar-00	Nov-03
Select Energy	62,367	0.3%	Jun-99	present
Select Energy2	117,495	0.6%	Jun-99	present
Sprague Energy	719,766	3.6%	Apr-00	present
TXU	29,739	0.1%	Jan-96	Jun-02
Tiger Nat	79,677	0.4%	Aug-99	Aug-03
Total Sales	20,260,489	24.3%		

Season-Year	Volumes		Active Period	
		% of total		
Winter 01-02	**MMBtu**	**Sendout**	**Entering Date**	**Exiting Date**
Adams Energy	436,356	1.1%	Aug-00	Nov-03
AllEnergy/TOG	3,241,170	8.1%	Sep-96	Dec-03
Amerada Hess	1,591,371	4.0%	Jan-96	present
EnergyEast	224,994	0.6%	Jan-96	present
HESCO	79,120	0.2%	Jan-96	present
Metromedia	252,858	0.6%	Oct-99	present
Metromedia2	808,231	2.0%	Oct-99	present
NE Energy	1,040,984	2.6%	Aug-00	Nov-03
Scasco	273,672	0.7%	Mar-00	Nov-03
Select Energy	202,369	0.5%	Jun-99	present
Select Energy2	460,668	1.1%	Jun-99	present
Sprague Energy	1,306,854	3.3%	Apr-00	present
TXU	61,318	0.2%	Jan-96	Jun-02
Tiger Nat	167,113	0.4%	Aug-99	Aug-03
Total Sales	40,095,788	25.3%		

Season-Year	Volumes		Active Period	
		% of total		
Summer 2002	**MMBtu**	**Sendout**	**Entering Date**	**Exiting Date**
Adams Energy	323,590	1.3%	Aug-00	Nov-03
AllEnergy/TOG	1,374,373	5.6%	Sep-96	Dec-03
Amerada Hess	848,740	3.5%	Jan-96	present
EnergyEast	66,667	0.3%	Jan-96	present
HESCO	50,645	0.2%	Jan-96	present
Metromedia	148,111	0.6%	Oct-99	present
Metromedia2	303,437	1.2%	Oct-99	present
MultiFuels	104,305	0.4%	Sep-02	Nov-03
NE Energy	285,900	1.2%	Aug-00	Nov-03
Scasco	152,699	0.6%	Mar-00	Nov-03
Select Energy	110,314	0.5%	Jun-99	present
Select Energy2	124,464	0.5%	Jun-99	present
Sempra SP	55,528	0.2%	Oct-02	present
Sprague Energy	1,013,223	4.1%	Apr-00	present
Total Sales	24,477,593	20.3%		

Season-Year	Volumes	Active Period

Winter 02-03	MMBtu	% of total Sendout	Entering Date	Exiting Date
Adams Energy	504,932	1.0%	Aug-00	Nov-03
AllEnergy/TOG	3,183,956	6.2%	Sep-96	Dec-03
Amerada Hess	1,471,133	2.9%	Jan-96	present
EnergyEast	318,794	0.6%	Jan-96	present
HESCO	29,749	0.1%	Jan-96	present
Metromedia	328,407	0.6%	Oct-99	present
Metromedia2	1,369,647	2.7%	Oct-99	present
MultiFuels	580,518	1.1%	Sep-02	Nov-03
NE Energy	288,507	0.6%	Aug-00	Nov-03
Scasco	271,689	0.5%	Mar-00	Nov-03
Select Energy	204,561	0.4%	Jun-99	present
Select Energy2	453,497	0.9%	Jun-99	present
Sempra SP	270,622	0.5%	Oct-02	present
Sprague Energy	1,685,785	3.3%	Apr-00	present
Total Sales	51,020,656	21.5%		

Season-Year	**Volumes**		**Active Period**	
Summer 2003	**MMBtu**	**% of total Sendout**	**Entering Date**	**Exiting Date**
Adams Energy	192,889	0.9%	Aug-00	Nov-03
AllEnergy Mas	195,206	0.9%	Sep-03	Feb-04
AllEnergy/Hess	257,134	1.2%	Sep-96	Dec-03
AllEnergy/TOG	272,188	1.3%	Sep-96	Dec-03
Amerada Hess	760,618	3.6%	Jan-96	present
EnergyEast	169,097	0.8%	Jan-96	present
HESCO	24,871	0.1%	Jan-96	present
Metromedia	90,708	0.4%	Oct-99	present
Metromedia2	530,628	2.5%	Oct-99	present
MultiFuels	375,666	1.8%	Sep-02	Nov-03
NE Energy	68,894	0.3%	Aug-00	Nov-03
Scasco	124,997	0.6%	Mar-00	Nov-03
Select Energy	95,751	0.5%	Jun-99	present
Select Energy2	185,933	0.9%	Jun-99	present
Sempra SP	46,059	0.2%	Oct-02	present
Sprague Energy	1,309,218	6.3%	Apr-00	present
Xenergy	22,383	0.1%	Sep-95	present
Total Sales	20,861,776	22.6%		

Season-Year	**Volumes**		**Active Period**	
Winter 03-04	**MMBtu**	**% of total Sendout**	**Entering Date**	**Exiting Date**
Adams Energy	60,216	0.1%	Aug-00	Nov-03
AllEnergy/TOG	158,320	0.3%	Sep-96	Dec-03
Amerada Hess	2,525,558	5.3%	Jan-96	present
EnergyEast	556,875	1.2%	Jan-96	present
Global SP	23,819	0.1%	Sep-03	present
HESCO	22,603	0.0%	Jan-96	present
Metromedia	400,886	0.8%	Oct-99	present
Metromedia2	2,023,946	4.3%	Oct-99	present
NE Energy	11,112	0.0%	Aug-00	Nov-03
Santa Buckley	179,815	0.4%	Nov-03	present
Select Energy	232,663	0.5%	Jun-99	present
Select Energy2	763,115	1.6%	Jun-99	present
Sempra SP	265,012	0.6%	Oct-02	present
Sprague Energy	2,150,877	4.5%	Apr-00	present
Xenergy	39,684	0.1%	Sep-95	present
Total Sales	47,334,598	19.9%		

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Date: June 8, 2004

Witness Responsible: Joseph A. Ferro

All LDCs-8: Please compute the median time period of marketers, serving the Company' service territory, during the period 1996 to present.

RESPONSE: Through May 31, 2004, the median time period that a marketer operated on Bay State Gas Company's service territory during the period 1996 to present is 34 months. (Two additional marketers, Direct Energy Marketing and Utility Resource Solutions will begin to serve customers on our system after May 31, 2004). Details by Marketer and with start and end dates as of the 1st of the month, are as follows:

Marketer	**Start Date**	**End Date**	**Total Months**
Amerada Hess	Jan-96	present	101
Energy East Solutions	Jan-96	present	101
Select Energy	Jun-99	present	59
Metromedia	Oct-99	present	56
Sprague Energy	Apr-00	present	49
Houston Energy Services Company	Sep-00	present	45
Colonial Gas	Oct-02	present	20
Global Energy	Sep-03	present	9
Santa Buckley Energy	Nov-03	present	7
Enerval	Aug-95	Nov-97	27
Xenergy	Sep-95	Jan-97	16
Sonat Marketing Company	Jan-96	May-98	28
El Paso Paragon	Jan-96	Mar-99	38
Texas Ohio Gas/ E'Prime	Jan-96	Jul-99	42
TXU Ensearch Energy	Jan-96	Jun-02	77
Utilicorp Energy Solutions	Jun-96	Feb-00	44
Global Petroleum Corp	Jul-96	Jul-98	24
Green Mountain Energy Partners	Sep-96	Sep-97	12
Western Gas Resources	Sep-96	Jan-98	16
Broad Street/Energy One	Sep-96	Sep-98	24
Total Louis Dreyfus Energy	Sep-96	Sep-98	24
Connecticut Natural Gas	Sep-96	Aug-98	23
WEPCO (Wheeled Electric Power Company)	Sep-96	Oct-98	25

Marketer	Start Date	End Date	Total Months
KBC Energy Services	Sep-96	Nov-98	26
Conective/CNE/Enerval	Sep-96	Jan-00	40
National Fuel Resources	Sep-96	Jul-00	46
NorAm Energy/ Reliant Energy	Sep-96	Jan-01	52
AllEnergy	Sep-96	Dec-03	87
L.E. Belcher	Nov-96	Apr-01	53
Energy Express	Dec-96	Feb-00	38
Providence Energy	Apr-97	Nov-00	43
NUI Energy	Sep-97	Nov-98	14
Energis/PSEG Energy Technologies	Sep-97	Dec-98	15
ERI Services	Sep-97	Dec-98	15
Energy Express	Sep-97	Oct-99	25
Enron Energy Services	Sep-97	Apr-00	31
Texas Ohio Gas	Sep-97	May-01	44
Eastern Energy	Oct-97	Dec-00	38
TexPar Energy	Nov-97	Dec-98	13
ComEnergy Marketing	Nov-97	Apr-99	17
AGF Direct	Jan-98	Oct-00	33
PG & E Energy Services	Mar-98	Mar-01	36
Duke Energy Resource Management	Apr-98	Mar-00	23
Aurora Natural Gas	Nov-98	Feb-00	15
Columbia Energy	Dec-98	Apr-00	16
Williams/ Energy Vision	Feb-99	Feb-00	12
Perry Gas	Mar-99	Mar-00	12
Tiger Natural Gas	Aug-99	Aug-03	48
Scasco	Mar-00	Nov-03	44
New England Energy Group/Adams Energy	Aug-00	Nov-03	39
Multifuels	Sep-02	Nov-03	14
Average			**34.43137255**

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Date: June 8, 2004

Witness Responsible: Joseph A. Ferro

All LDCs-9: Describe all the activities directed to both consumers and marketers that the Company undertook to facilitate the transition to a competitive market since the 1999 Unbundling order issued by the Department.

RESPONSE: Bay State has actively promoted a competitive market by closely listening and responding to the needs of retail marketers and by implementing the following:

Communication through Marketer Meetings – Bay State holds marketer meetings on a regular and periodic basis to discuss marketer concerns and resolve issues that may arise with policies and procedures.

Recognizing Value of Service through Revised True Up – Early on, Bay State was sensitive to marketer concerns regarding potential gaming with the annual true up process for non-daily metered service. Now that the true up is twice per year, Bay State is the only LDC to cash out with suppliers using a monthly weighted average price, to ensure all participants are compensated for the true value of the gas delivered.

Providing Electronic Access to Customer Detail – Bay State recognizes the need for transparency in the market and continues to be responsive to marketer suggestions regarding electronic access to customer detail. In response to marketer suggestions, Bay State updates its electronic files to include information such as customer level Base and Use-per-degree-day information on a daily basis.

Assisting with Education and Responding to Customer Inquiries – Bay State employees are informed and available to discuss with customers their energy decisions, marketer buy-out offers, etc.

Providing Flexibility Through Retroactive Starts – Bay State recognizes that flexibility will assist the market and has continued to work with customers and marketers who unexpectedly return to Default (Sales) Service by allowing retroactive starts with a new supplier.

Implementing Voluntary Flow Restriction – In response to issues with Operational Flow Orders (OFO's), in particular marketers' concerns over the difficulty in reacting to an OFO to ensure deliveries fall within the typical 2% tolerance bandwidth, Bay State introduced Voluntary Flow Restriction (VFR). When a VFR is announced, marketers are asked to lower the tolerances allowed for nominations (similar to an OFO, but without the risk of OFO penalties).

Setting Revised Nominations Schedules –Bay State works with marketers to revise its nominations schedule in order to accommodate ATV postings when the pipeline institutes new procedures for nominations and trades, for instance, when a calendar month ends on a weekend.

Working with and Welcoming New Marketers – As this response is written, two new Marketers are in the process of applying to do business on our system, Direct Energy Marketing and Utility Resource Solutions.

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Date: June 8, 2004

Witness Responsible: Francisco C. DaFonte

All LDCs-10: Please provide the following information for the period January 2003 through December 2003:

(a) the Company's peak day load to serve both firms sales and firm transportation customers;
(b) volume (in MMBtu) and percentage of peak day load to serve firm transportation customers over the Company's peak day load (obtained in part a);
(c) volume (in MMBtu) and percentage of the Company's peak day load (obtained in part A) that would come up for renewal over the next five years;
(d) incremental capacity needs (in MMBtu) anticipated by the Company for the next five years;
(e) compute the sum of volume obtained in parts C and D above and compute the percentage of the resulting volume with respect to the Company's 2003 peak day load.

RESPONSE:

(a) Bay State' s peak day load in 2003 was 443,984 MMBtu.

(b) The amount of transportation volume that occurred on peak day was 118,388 MMBtu. This is approximately 26.7% of total throughput.

(c) The amount of current pipeline and citygate supply contract capacity that terminates over the next five years is 82,924 MMBtu. This capacity equates to approximately 18.7% of the 2003 peak day load. In addition, contract renewal notification for an incremental 51,912 MMBtu of capacity runs within this same five year period. This incremental volume represents 11.7% of 2003 peak day and together the combined contract capacity of 134,836 represents 30.4% of the 2003 peak day load.

(d) Based on the demand forecast used in Bay State's most recently approved forecast and supply plan (DTE 02-75), Bay State would need approximately 45,500 MMBtu of additional capacity to meet design day requirements in the year 2009.

(e) The amount of capacity up for renewal and/or requiring notification in the next five years combined with the additional capacity needs during this time amount to 180,336 MMBtu. This represents approximately 40.6% of the 2003 peak day load.

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Date: June 8, 2004

Witness Responsible: Joseph A. Ferro

All LDCs-11: Please provide information on switching activities (transfers from marketer to marketer) for the period 1996-present on a seasonal basis (heating and non-heating seasons) as it is depicted in attached Table 4: "Switching Activity".

RESPONSE: Please see Attachment DTE-1-LDC-11, which presents the requested information on switching activity from the 2001-02 winter period to the 2003-2004 winter period. The Company will now work towards compiling this information pertaining to seasons prior to the 2001-2002 winter period. The Company will provide any additional data to the Department and the parties as a supplemental or updated response as soon as it is available.

Attachment DTE-1-LDC-11

Customers Who Have Changed Suppliers

Winter 01-02

	Grandfathered					Non-Grandfathered				
	Custs Changed	% of Total	Dth	% of Total Dth	Use per Customer	Custs Changed	% of Total	Dth	% of Total Dth	Use per Customer
t40	40	3.1%	7,809	4.2%	195.2	22	5.0%	3,706	4.4%	168.4
t41	111	8.5%	119,347	9.8%	1,075.2	49	10.1%	48,702	11.6%	993.9
t42	53	12.4%	246,556	14.6%	4,652.0	46	1.5%	154,209	18.7%	3,352.4
t43	4	6.1%	103,173	22.4%	25,793.3	1	14.3%	81,013	28.5%	81,013.3
t50	22	6.4%	3,229	7.7%	146.8	6	3.4%	861	4.2%	143.5
t51	44	9.5%	27,337	8.1%	621.3	15	8.4%	12,563	8.9%	837.5
t52	8	6.1%	35,479	6.0%	4,434.9	1	1.4%	3,171	1.5%	3,171.4
t53	7	10.1%	296,460	14.8%	42,351.4	1	8.3%	112,979	18.4%	112,978.8

Summer 2002

	Grandfathered					Non-Grandfathered				
	Custs Changed	% of Total	Dth	% of Total Dth	Use per Customer	Custs Changed	% of Total	Dth	% of Total Dth	Use per Customer
t03						1	3.1%	35	2.6%	34.5
t40	36	3.7%	2,017	7.0%	56.0	36	7.4%	2,493	9.1%	69.3
t41	86	8.6%	23,364	9.7%	271.7	54	15.0%	12,383	15.3%	229.3
t42	13	4.1%	34,010	10.7%	2,616.2	10	0.1%	12,898	4.4%	1,289.8
t43	4	6.6%	27,764	23.4%	6,941.0	1	20.0%	27,764	40.4%	27,763.9
t50	10	3.4%	3,127	10.7%	312.7	15	6.7%	1,704	8.9%	113.6
t51	26	5.6%	19,493	7.7%	749.7	43	15.7%	24,240	15.5%	563.7
t52	11	7.7%	54,934	9.5%	4,994.0	1	1.5%	1,579	1.0%	1,578.9
t53	4	5.7%	65,180	3.2%	16,295.0	1	7.1%	24,332	5.4%	24,332.2

Winter 02-03

	Grandfathered					Non-Grandfathered				
	Custs Changed	% of Total	Dth	% of Total Dth	Use per Customer	Custs Changed	% of Total	Dth	% of Total Dth	Use per Customer
t40	24	2.8%	7,200	3.0%	300.0	44	14.1%	13,303	14.8%	302.3
t41	62	6.6%	84,309	5.8%	1,359.8	19	6.8%	25,599	6.0%	1,347.3
t42	25	7.8%	129,698	7.8%	5,187.9	1641	24.8%	199,312	24.9%	121.5
t43	2	3.4%	35,605	7.3%	17,802.7	1	20.0%	35,605	13.1%	35,605.4
t50	15	5.7%	2,389	5.1%	159.2	12	7.0%	2,710	9.9%	225.8
t51	34	7.6%	32,442	7.9%	954.2	12	5.3%	15,250	6.3%	1,270.8
t52	12	8.3%	94,491	10.0%	7,874.3	2	3.7%	18,440	6.7%	9,220.2
t53	14	19.4%	258,019	10.2%	18,429.9	3	21.4%	103,502	14.8%	34,500.8

Summer 2003

	Grandfathered					Non-Grandfathered				
	Custs Changed	% of Total	Dth	% of Total Dth	Use per Customer	Custs Changed	% of Total	Dth	% of Total Dth	Use per Customer
						3	21.4%	34	4.6%	11.4
t40	46	7.5%	2,273	13.0%	49.4	25	10.2%	878	7.9%	35.1
t41	170	20.1%	39,456	20.1%	232.1	64	18.0%	15,378	17.2%	240.3
t42	120	32.2%	128,740	34.0%	1,072.8	19	0.3%	32,411	11.5%	1,705.8
						1	25.0%	9,464	17.3%	9,464.2
t50	31	15.7%	3,477	23.5%	112.1	7	5.1%	992	8.4%	141.7
t51	59	20.8%	38,425	24.3%	651.3	62	31.2%	53,255	42.5%	858.9
t52	53	42.7%	180,840	33.9%	3,412.1	24	61.5%	101,672	63.5%	4,236.3
t53	10	14.5%	348,996	18.1%	34,899.6	2	15.4%	26,983	7.8%	13,491.4

Winter 03-04

	Grandfathered					Non-Grandfathered				
	Custs Changed	% of Total	Dth	% of Total Dth	Use per Customer	Custs Changed	% of Total	Dth	% of Total Dth	Use per Customer
t03	4	80.0%	503	90.3%	125.8	4	22.2%	638	22.1%	159.6
t40	130	22.5%	24,029	21.8%	184.8	27	12.2%	5,131	9.6%	190.0
t41	131	17.7%	141,682	15.9%	1,081.5	46	13.3%	53,298	13.0%	1,158.6
t42	74	20.5%	312,010	18.0%	4,216.4	15	13.6%	95,349	15.0%	6,356.6
t43	2	11.1%	54,034	14.5%	27,016.8					
t50	25	13.4%	4,270	22.4%	170.8	28	19.4%	4,294	15.6%	153.3
t51	72	29.8%	54,565	26.3%	757.8	53	24.1%	43,729	20.3%	825.1
t52	41	34.7%	276,080	33.7%	6,733.7	16	43.2%	108,472	45.5%	6,779.5
t53	18	27.7%	657,054	26.7%	36,503.0	4	33.3%	152,500	35.4%	38,124.9

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Date: June 8, 2004

Witness Responsible: Joseph A. Ferro

All LDC-12: Please provide information on gas and capacity costs for the period 1996-present on a seasonal basis (heating and non-heating seasons) as it is depicted in attached Table 5: “Gas and Capacity Costs”

RESPONSE: Attachment DTE-1-LDC-12, Table 5, presents Bay State Gas Company’s unit commodity and demand (capacity) cost components of its GAFs, the resulting GAFs and the firm sales volumes associated with the respective GAF seasons.

BAY STATE GAS COMPANY **Attachment DTE-1-LDC-12**
GAFs, Unit Commodity & Demand Costs and Sales Volumes **Page 1 of 2**
1996 - 2004

		Peak Season				Off-peak Season				
		$$ per MMBtu			MMBtu		$$ per MMBtu			MMBtu
Rate Class	Year	Avg Gas Price	Avg Cap. Cost	GAF	Sales Vol.	Year	Avg Gas Price	Avg Cap. Cost	GAF	Sales Vol.
J-A 1996						**1996**				
Res. R1, R2 (Non-ht)		$ 1.5251	$ 1.2423	$ 2.7674	284,103		$ 1.6430	$ 1.0730	$ 2.7160	316,622
Res. R3, R4 (Heat)		$ 1.8225	$ 2.0270	$ 3.8495	13,306,420		$ 1.6190	$ 1.4810	$ 3.1000	4,847,841
C&I LLF, Low: G-40		$ 1.8799	$ 2.1882	$ 4.0681	1,358,796		$ 1.5980	$ 1.6530	$ 3.2510	289,686
C&I LLF, Med: G-41		$ 1.8653	$ 2.1527	$ 4.0180	3,117,198		$ 1.5710	$ 1.6870	$ 3.2580	596,984
C&I LLF, High/XLV: G-42 & 43		$ 1.8422	$ 2.1063	$ 3.9485	2,505,439		$ 1.6590	$ 1.8210	$ 3.4800	360,699
		(G-42 and G-43 combined for GAF purposes)								
C&I HLF, Low: G-50		$ 1.6106	$ 1.4794	$ 3.0900	262,125		$ 1.6390	$ 1.0940	$ 2.7330	244,300
C&I HLF, Med: G-51		$ 1.5746	$ 1.3969	$ 2.9715	775,118		$ 1.6220	$ 1.1210	$ 2.7430	708,460
C&I HLF, High/XLV: G-52 & 53		$ 1.4848	$ 1.5566	$ 3.0414	1,463,903		$ 1.6530	$ 1.3310	$ 2.9840	897,450
		(G-52 and G-53 combined for GAF purposes)								
1996-97						**1997**				
Res. R1, R2 (Non-ht)		$ 2.6371	$ 0.9634	$ 3.6005	391,136		$ 2.4520	$ 0.8250	$ 3.2770	319,924
Res. R3, R4 (Heat)		$ 2.8231	$ 1.9854	$ 4.8085	18,275,322		$ 2.4540	$ 0.9990	$ 3.4530	4,902,264
C&I LLF, Low: G-40		$ 2.8311	$ 2.1514	$ 4.9825	2,102,968		$ 2.3790	$ 1.1150	$ 3.4940	300,450
C&I LLF, Med: G-41		$ 2.8021	$ 2.1734	$ 4.9755	3,994,604		$ 2.3560	$ 1.1120	$ 3.4680	629,488
C&I LLF, High/XLV: G-42 & 43		$ 2.7201	$ 2.3794	$ 5.0995	2,943,326		$ 2.3530	$ 1.2280	$ 3.5810	432,416
C&I HLF, Low: G-50		$ 2.6971	$ 1.3674	$ 4.0645	417,657		$ 2.4400	$ 0.8170	$ 3.2570	236,439
C&I HLF, Med: G-51		$ 2.6461	$ 1.4264	$ 4.0725	1,169,510		$ 2.4380	$ 0.8250	$ 3.2630	722,245
C&I HLF, High/XLV: G-52 & 53		$ 1.6891	$ 2.0654	$ 3.7545	1,655,545		$ 2.4490	$ 0.8880	$ 3.3370	1,273,528
1997-98						**1998**				
Res. R1, R2 (Non-ht)		$ 2.5400	$ 1.4550	$ 3.9950	385,966		$ 1.7530	$ 1.2780	$ 3.0310	312,553
Res. R3, R4 (Heat)		$ 2.8480	$ 2.4280	$ 5.2760	19,581,800		$ 1.7190	$ 1.7300	$ 3.4490	4,752,820
C&I LLF, Low: G-40		$ 2.8630	$ 2.5770	$ 5.4400	1,936,537		$ 1.6810	$ 1.9790	$ 3.6600	321,303
C&I LLF, Med: G-41		$ 2.9090	$ 2.6510	$ 5.5600	3,682,601		$ 1.6860	$ 2.0760	$ 3.7620	342,959
C&I LLF, High/XLV: G-42 & 43		$ 2.9540	$ 2.6990	$ 5.6530	2,259,926		$ 1.8030	$ 1.9090	$ 3.7120	264,376
C&I HLF, Low: G-50		$ 2.6660	$ 1.8480	$ 4.5140	371,210		$ 1.7390	$ 1.3940	$ 3.1330	215,006
C&I HLF, Med: G-51		$ 2.7360	$ 2.0550	$ 4.7910	857,952		$ 1.7090	$ 1.5130	$ 3.2220	281,575
C&I HLF, High/XLV: G-52 & 53		$ 2.6930	$ 1.8620	$ 4.5550	1,153,105		$ 1.7870	$ 1.5570	$ 3.3440	735,953

*** Eff. Jan. 1, 1998 all GAFs (above) amended to include BD component of $0.0690 per MMBtu.**
BD chg increases Gas Price in above 1997-98 prices and included in all subsequent GAFs.

1998-99						**1999**				
Res. R1, R2 (Non-ht)		$ 1.9770	$ 2.1190	$ 4.0960	368,270		$ 1.4850	$ 1.5620	$ 3.0470	296,447
Res. R3, R4 (Heat)		$ 2.2740	$ 3.2940	$ 5.5680	19,798,779		$ 1.4380	$ 1.8800	$ 3.3180	4,848,213
C&I LLF, Low: G-40		$ 2.3190	$ 3.4910	$ 5.8100	2,003,495		$ 1.4100	$ 2.1600	$ 3.5700	293,233
C&I LLF, Med: G-41		$ 2.3350	$ 3.5700	$ 5.9050	3,342,229		$ 1.3610	$ 2.2820	$ 3.6430	323,890
C&I LLF, High/XLV: G-42 & 43		$ 2.3580	$ 3.6340	$ 5.9920	2,215,894		$ 1.4420	$ 2.5420	$ 3.9840	108,464
C&I HLF, Low: G-50		$ 2.0820	$ 2.5690	$ 4.6510	369,168		$ 1.5390	$ 1.6730	$ 3.2120	215,804
C&I HLF, Med: G-51		$ 2.1970	$ 2.7930	$ 4.9900	887,118		$ 1.4470	$ 1.6560	$ 3.1030	406,500
C&I HLF, High/XLV: G-52 & 53		$ 2.1750	$ 2.7780	$ 4.9530	1,463,933		$ 1.4300	$ 1.6940	$ 3.1240	791,164
1999-00						**2000**				
Res. R1, R2 (Non-ht)		$ 2.0960	$ 2.0910	$ 4.1870	350,720		$ 2.3910	$ 1.5030	$ 3.8940	275,254
Res. R3, R4 (Heat)		$ 2.5800	$ 2.9870	$ 5.5670	18,026,126		$ 2.4590	$ 1.8140	$ 4.2730	4,539,899
C&I LLF, Low: G-40		$ 2.3490	$ 2.9730	$ 5.3220	1,778,317		$ 2.4980	$ 1.8470	$ 4.3450	301,535
C&I LLF, Med: G-41		$ 2.3750	$ 3.1030	$ 5.4780	2,436,826		$ 2.4810	$ 1.9300	$ 4.4110	455,865
C&I LLF, High/XLV: G-42 & 43		$ 2.3990	$ 3.2220	$ 5.6210	1,415,636		$ 2.5560	$ 1.9700	$ 4.5260	333,469
C&I HLF, Low: G-50		$ 2.0950	$ 2.4330	$ 4.5280	319,995		$ 2.3860	$ 1.5410	$ 3.9270	174,438
C&I HLF, Med: G-51		$ 2.0840	$ 2.3810	$ 4.4650	799,088		$ 2.3930	$ 1.5820	$ 3.9750	486,249
C&I HLF, High/XLV: G-52 & 53		$ 2.1290	$ 2.4360	$ 4.5650	781,359		$ 2.1830	$ 1.6610	$ 3.8440	596,846
F-A 2000	-GAFs amended 2/1/00 for gas prices, incr ->			**$ 0.2877**		**Jul-Oct 00** -GAFs amended 7/1/00 for increases in gas prices.				
Res. R1, R2 (Non-ht)		$ 2.3837	$ 2.0910	$ 4.4747			$ 4.5810	$ 1.5030	$ 6.0840	190,880
Res. R3, R4 (Heat)		$ 2.8677	$ 2.9870	$ 5.8547			$ 4.6490	$ 1.8140	$ 6.4630	2,914,876
C&I LLF, Low: G-40		$ 2.6367	$ 2.9730	$ 5.6097			$ 4.6880	$ 1.8470	$ 6.5350	197,948
C&I LLF, Med: G-41		$ 2.6627	$ 3.1030	$ 5.7657			$ 4.6710	$ 1.9300	$ 6.6010	278,210
C&I LLF, High/XLV: G-42 & 43		$ 2.6867	$ 3.2220	$ 5.9087			$ 4.7460	$ 1.9700	$ 6.7160	234,899
C&I HLF, Low: G-50		$ 2.3827	$ 2.4330	$ 4.8157			$ 4.5760	$ 1.5410	$ 6.1170	122,821
C&I HLF, Med: G-51		$ 2.3717	$ 2.3810	$ 4.7527			$ 4.5830	$ 1.5820	$ 6.1650	354,382
C&I HLF, High/XLV: G-52 & 53		$ 2.4167	$ 2.4360	$ 4.8527			$ 4.3730	$ 1.6610	$ 6.0340	483,648

BAY STATE GAS COMPANY
GAFs, Unit Commodity & Demand Costs and Sales Volumes
1996 - 2004

		Peak Season					Off-peak Season				
		$$ per MMBtu			MMBtu		$$ per MMBtu			MMBtu
Rate Class	Year	Avg Gas Price	Avg Cap. Cost	GAF	Sales Vol.	Year	Avg Gas Price	Avg Cap. Cost	GAF	Sales Vol.
	2000-01					**2001**				
Res. R1, R2 (Non-ht)		$ 5.3370	$ 1.4970	$ 6.8340	384,010		$ 4.9880	$ 1.0610	$ 6.0490	280,871
Res. R3, R4 (Heat)		$ 5.1820	$ 2.5640	$ 7.7460	20,025,078		$ 5.5970	$ 0.8280	$ 6.4250	4,702,483
C&I LLF, Low: G-40		$ 5.1660	$ 2.6870	$ 7.8530	1,921,928		$ 5.2780	$ 0.7310	$ 6.0090	394,778
C&I LLF, Med: G-41		$ 5.1660	$ 2.7670	$ 7.9330	2,491,668		$ 5.9000	$ 0.7340	$ 6.6340	542,086
C&I LLF, High/XLV: G-42 & 43		$ 5.1730	$ 2.7980	$ 7.9710	1,156,957		$ 5.6520	$ 0.8360	$ 6.4880	484,133
		(G-42 and G-43 combined for GAF purposes)								
C&I HLF, Low: G-50		$ 5.2450	$ 2.0300	$ 7.2750	383,826		$ 5.1130	$ 1.0030	$ 6.1160	229,806
C&I HLF, Med: G-51		$ 5.2790	$ 1.8930	$ 7.1720	812,766		$ 5.1090	$ 1.0200	$ 6.1290	613,500
C&I HLF, High/XLV: G-52 & 53		$ 5.3090	$ 1.9650	$ 7.2740	503,449		$ 5.0500	$ 1.1050	$ 6.1550	942,915
		(G-52 and G-53 combined for GAF purposes)								
	F-A 2001	-GAFs amended 2/1/01 for gas prices, incr ->			**$ 2.9820**					
Res. R1, R2 (Non-ht)		$ 8.3190	$ 1.4970	$ 9.8160						
Res. R3, R4 (Heat)		$ 8.1640	$ 2.5640	$ 10.7280						
C&I LLF, Low: G-40		$ 8.1480	$ 2.6870	$ 10.8350						
C&I LLF, Med: G-41		$ 8.1480	$ 2.7670	$ 10.9150						
C&I LLF, High/XLV: G-42 & 43		$ 8.1550	$ 2.7980	$ 10.9530						
C&I HLF, Low: G-50		$ 8.2270	$ 2.0300	$ 10.2570						
C&I HLF, Med: G-51		$ 8.2610	$ 1.8930	$ 10.1540						
C&I HLF, High/XLV: G-52 & 53		$ 8.2910	$ 1.9650	$ 10.2560						
	2001-02					**2002**				
Res. R1, R2 (Non-ht)		$ 3.5910	$ 0.7120	$ 4.3030	366,739		$ 1.5340	$ 1.3540	$ 2.8880	282,955
Res. R3, R4 (Heat)		$ 4.2150	$ 1.8110	$ 6.0260	19,351,510		$ 1.6230	$ 1.6290	$ 3.2520	4,494,315
C&I LLF, Low: G-40		$ 4.3390	$ 1.9270	$ 6.2660	2,343,209		$ 1.6370	$ 1.6780	$ 3.3150	309,091
C&I LLF, Med: G-41		$ 4.3370	$ 1.9870	$ 6.3240	3,035,233		$ 1.6370	$ 1.7070	$ 3.3440	565,360
C&I LLF, High/XLV: G-42 & 43		$ 4.2540	$ 1.9020	$ 6.1560	2,135,323		$ 1.6350	$ 1.7310	$ 3.3660	429,791
C&I HLF, Low: G-50		$ 4.0820	$ 1.4660	$ 5.5480	476,528		$ 1.5560	$ 1.4610	$ 3.0170	180,289
C&I HLF, Med: G-51		$ 4.0340	$ 1.4310	$ 5.4650	1,074,817		$ 1.5560	$ 1.4660	$ 3.0220	593,771
C&I HLF, High/XLV: G-52 & 53		$ 3.9580	$ 1.3330	$ 5.2910	1,584,269		$ 1.5580	$ 1.5480	$ 3.1060	1,004,308
	2002-03					**2003**				
Res. R1, R2 (Non-ht)		$ 3.6190	$ 1.8150	$ 5.4340	340,643		$ 5.8330	$ 0.9637	$ 6.7967	275,275
Res. R3, R4 (Heat)		$ 3.8890	$ 2.3100	$ 6.1990	20,074,792		$ 5.9070	$ 0.9537	$ 6.8607	4,572,305
C&I LLF, Low: G-40		$ 3.9100	$ 2.3810	$ 6.2910	1,811,455		$ 5.9520	$ 0.9647	$ 6.9167	255,335
C&I LLF, Med: G-41		$ 3.9100	$ 2.3290	$ 6.2390	3,341,600		$ 5.9610	$ 0.9887	$ 6.9497	461,850
C&I LLF, High/XLV: G-42 & 43		$ 3.9090	$ 2.2990	$ 6.2080	2,506,085		$ 5.9240	$ 0.9967	$ 6.9207	371,777
C&I HLF, Low: G-50		$ 3.7260	$ 2.0550	$ 5.7810	296,336		$ 5.8110	$ 0.9777	$ 6.7887	180,772
C&I HLF, Med: G-51		$ 3.7260	$ 1.9910	$ 5.7170	981,845		$ 5.8000	$ 0.9797	$ 6.7797	487,771
C&I HLF, High/XLV: G-52 & 53		$ 3.7350	$ 1.9610	$ 5.6960	1,787,666		$ 5.8440	$ 1.1397	$ 6.9837	490,822
	J-F 2003	-GAFs amended 1/1/03 for gas prices, incr ->			**$ 1.1290**					
Res. R1, R2 (Non-ht)		$ 4.7480	$ 1.8150	$ 6.5630						
Res. R3, R4 (Heat)		$ 5.0180	$ 2.3100	$ 7.3280						
C&I LLF, Low: G-40		$ 5.0390	$ 2.3810	$ 7.4200						
C&I LLF, Med: G-41		$ 5.0390	$ 2.3290	$ 7.3680						
C&I LLF, High/XLV: G-42 & 43		$ 5.0380	$ 2.2990	$ 7.3370						
C&I HLF, Low: G-50		$ 4.8550	$ 2.0550	$ 6.9100						
C&I HLF, Med: G-51		$ 4.8550	$ 1.9910	$ 6.8460						
C&I HLF, High/XLV: G-52 & 53		$ 4.8640	$ 1.9610	$ 6.8250						
	M-A 2003	-GAFs amended 3/1/03 for gas prices, incr ->			**$ 2.5830**					
Res. R1, R2 (Non-ht)		$ 7.3310	$ 1.8150	$ 9.1460						
Res. R3, R4 (Heat)		$ 7.6010	$ 2.3100	$ 9.9110						
C&I LLF, Low: G-40		$ 7.6220	$ 2.3810	$ 10.0030						
C&I LLF, Med: G-41		$ 7.6220	$ 2.3290	$ 9.9510						
C&I LLF, High/XLV: G-42 & 43		$ 7.6210	$ 2.2990	$ 9.9200						
C&I HLF, Low: G-50		$ 7.4380	$ 2.0550	$ 9.4930						
C&I HLF, Med: G-51		$ 7.4380	$ 1.9910	$ 9.4290						
C&I HLF, High/XLV: G-52 & 53		$ 7.4470	$ 1.9610	$ 9.4080						
	2003-04					**2004**				
Res. R1, R2 (Non-ht)		$ 6.0243	$ 1.0092	$ 7.0335	349,797		$ 6.6581	$ 0.5478	$ 7.2059	306,168
Res. R3, R4 (Heat)		$ 6.1313	$ 1.7662	$ 7.8975	19,703,371		$ 6.6781	$ 0.8068	$ 7.4849	4,521,189
C&I LLF, Low: G-40		$ 6.0273	$ 1.8022	$ 7.8295	2,293,460		$ 6.7091	$ 1.1878	$ 7.8969	347,017
C&I LLF, Med: G-41		$ 5.5513	$ 1.6372	$ 7.1885	3,650,364		$ 6.7081	$ 1.1838	$ 7.8919	561,574
C&I LLF, High/XLV: G-42 & 43		$ 5.1663	$ 1.4802	$ 6.6465	2,528,838		$ 6.6821	$ 1.0928	$ 7.7749	473,767
C&I HLF, Low: G-50		$ 5.9383	$ 1.3102	$ 7.2485	352,460		$ 6.6451	$ 0.5158	$ 7.1609	183,049
C&I HLF, Med: G-51		$ 5.3953	$ 1.1242	$ 6.5195	1,235,278		$ 6.6461	$ 0.5068	$ 7.1529	566,911
C&I HLF, High/XLV: G-52 & 53		$ 5.5913	$ 1.0882	$ 6.6795	2,003,606		$ 6.6321	$ 0.5578	$ 7.1899	1,182,555

COMMONWEALTH OF MASSACHUSETTS
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D.T.E. 04-1

Date: June 8, 2004

Witness Responsible: Francisco C. DaFonte

All LDCs-13: Some market participants propose that LDCs should calculate and release a baseload level of capacity associated with the marketer's load for a year, and only execute monthly recalls and re-releases of incremental levels of capacity, "baseload method of assignment." According to the marketers, this proposed practice will benefit customers and will improve efficiencies for both the LDCs and marketers. In this regard, please:

(a) discuss whether you would agree with marketers in terms of improved efficiencies and benefits for customers;

(b) discuss the potential pros and cons of the base method of assignment respect to the current method of monthly releases and recalls in place.

RESPONSE: Bay State believes that there are operational advantages and disadvantages under each of the assignment methods. The existing method of assignment, which recalls and re-releases contracts each month, limits the number of contracts that marketers take assignment of. This reduces the number of contracts that marketers must manage on a daily basis for such activities as making nominations and tracking deliveries. On the other hand, the baseload method of assignment would potentially allow marketers to take assignment of some contracts for longer periods of time, e.g. up to one year. This could increase operational efficiencies, especially for capacity that is remarketed to other areas.

Customers will benefit under the new method to the extent that marketers are better able to manage their costs and they opt to pass some portion of their savings to their customers.

It is important to note that some marketers may realize greater benefits under one method, while other marketers realize greater benefits under the other method for reasons such as differing customer bases and backroom operations and whether marketers utilize the capacity contracts to serve customers or release them into other markets. Bay State is not in a position to indicate that one method is preferable overall for marketers. Nevertheless, Bay State indicated in its reply comments in this proceeding that it is willing to work with the parties to develop a baseload-type of assignment program if desired.

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Date: June 8, 2004

Witness Responsible: Francisco C. DaFonte

Bay State-1: Bay State reply comments at 3 states that it has approximately 439,000 Dth of assignable peak day deliverability to serve sales and non-grandfathered transportation customers. Please clarify the specific period of time to which that peak day deliverability refers.

RESPONSE: Bay State's peak day deliverability is available during the winter months and is capable of meeting sales and non-grandfathered demand requirements on a given design day. Bay State's design day is based on a 1 in 25 year or 4% probability of occurrence each year.

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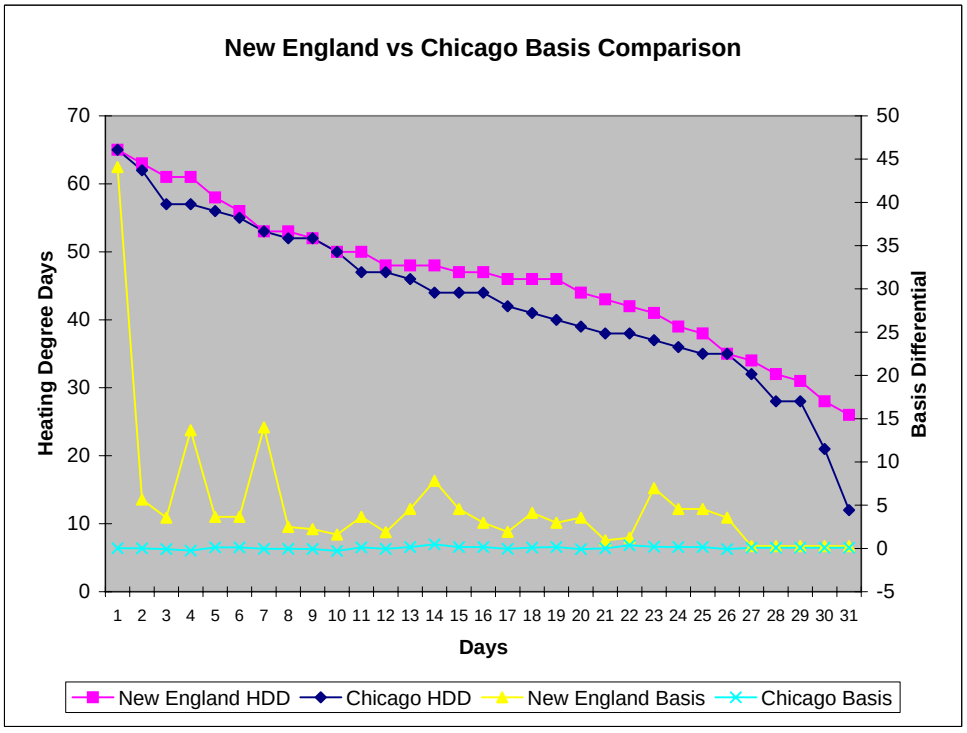
Bay State-2: Please show (Chart and tabular form) the basis differentials between the NYMEX and New England markets and between the NYMEX and Chicago market area for the last recent cold snap on January 2004. Please make sure that the HDD for both markets areas are included.

RESPONSE: Attachment DTE-1-BSG-2 provides a chart comparing the NYMEX basis differentials for Chicago and New England arranged in order of highest HDD to lowest to provide a more accurate comparison of market price reaction to similar weather related demand.

	New England HDD*	PRICES New England Basis	Henry Hub	Tennessee Zone 6		Chicago HDD**	PRICES Chicago Basis	Henry Hub	Chicago Citygate
Jan. 15	65	$44.08	$5.73	$49.81	Jan. 30	65	$0.03	$6.00	$6.16
Jan. 9	63	$5.65	$6.41	$12.06	Jan. 29	62	$0.01	$6.04	$6.52
Jan. 10	61	$3.57	$6.89	$10.46	Jan. 22	57	-$0.08	$6.26	$6.28
Jan. 14	61	$13.67	$6.25	$19.92	Jan. 28	57	-$0.25	$5.87	$6.06
Jan. 24	58	$3.66	$5.83	$9.48	Jan. 6	56	$0.12	$6.27	$6.63
Jan. 25	56	$3.66	$5.83	$9.48	Jan. 31	55	$0.12	$6.00	$6.16
Jan. 16	53	$13.99	$6.02	$20.01	Jan. 18	53	-$0.04	$5.41	$5.58
Jan. 23	53	$2.49	$6.03	$8.52	Jan. 5	52	-$0.05	$5.77	$5.86
Jan. 8	52	$2.24	$6.63	$8.86	Jan. 27	52	-$0.07	$5.70	$5.81
Jan. 13	50	$1.61	$6.27	$7.88	Jan. 19	50	-$0.27	$5.41	$5.58
Jan. 26	50	$3.66	$5.83	$9.48	Jan. 24	47	$0.12	$5.83	$5.94
Jan. 7	48	$1.88	$7.05	$8.93	Jan. 25	47	-$0.04	$5.83	$5.94
Jan. 20	48	$4.56	$5.41	$9.97	Jan. 20	46	$0.17	$5.41	$5.58
Jan. 29	48	$7.82	$6.04	$13.85	Jan. 7	44	$0.48	$7.05	$7.02
Jan. 19	47	$4.56	$5.41	$9.97	Jan. 9	44	$0.17	$6.41	$6.42
Jan. 30	47	$2.97	$6.00	$8.97	Jan. 23	44	$0.16	$6.03	$5.98
Jan. 21	46	$1.92	$6.15	$8.07	Jan. 26	42	-$0.05	$5.83	$5.94
Jan. 27	46	$4.11	$5.70	$9.81	Jan. 15	41	$0.11	$5.73	$5.77
Jan. 31	46	$2.97	$6.00	8.97	Jan. 10	40	$0.16	$6.89	$6.81
Jan. 11	44	$3.57	$6.89	$10.46	Jan. 21	39	-$0.08	$6.15	$6.10
Jan. 22	43	$0.94	$6.26	$7.20	Jan. 14	38	$0.02	$6.25	$6.00
Jan. 6	42	$1.24	$6.27	$7.51	Jan. 16	38	$0.36	$6.02	$5.98
Jan. 28	41	$6.96	$5.87	$12.83	Jan. 8	37	$0.19	$6.63	$6.56
Jan. 18	39	$4.56	$5.41	$9.97	Jan. 13	36	$0.17	$6.27	$5.99
Jan. 17	38	$4.56	$5.41	$9.97	Jan. 4	35	$0.17	$5.77	$5.86
Jan. 12	35	$3.57	$6.89	$10.46	Jan. 17	35	-$0.08	$5.41	$5.58
Jan. 5	34	$0.27	$5.77	$6.03	Jan. 12	32	$0.09	$6.89	$6.81
Jan. 2	32	$0.27	$5.77	$6.03	Jan. 3	28	$0.09	$5.77	$5.86
Jan. 1	31	$0.27	$5.77	$6.03	Jan. 11	28	$0.09	$6.89	$6.81
Jan. 4	28	$0.27	$5.77	$6.03	Jan. 1	21	$0.09	$5.77	$5.86
Jan. 3	26	$0.27	$5.77	$6.03	Jan. 2	12	$0.09	$5.77	$5.86

*Springfield, MA
**Hammond, IN



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Date: June 8, 2004

Witness Responsible: Francisco C. DaFonte

Bay State-3: Please discuss in which ways, if any, the recent FERC decision to eliminate the five-year matching cap for existing capacity subject to a right-of-first-refusal (ROFR) could affect the upstream capacity markets and the process of unbundling in Massachusetts. Please support your answer.

RESPONSE: The ROFR mechanism afforded pipeline customers the ability to retain existing capacity for a subsequent term by matching the bid of another shipper seeking to acquire the same capacity. Dual limits on price and term prevented the exercise of market power by pipelines serving constrained areas. In order to retain capacity under the ROFR mechanism, a shipper needed only to match a price equal to the pipeline's maximum tariff rate and a term of five years. The elimination of the five-year matching term could substantially affect the contracting practices of LDCs, which hold contracts for the vast majority of long-term firm pipeline capacity. In particular, LDCs may be required to match contract terms of 10-20 years in order to retain capacity that is necessary to meet their retail customer obligations or satisfy their supplier of last resort role. Additional risks borne by LDCs include contracting risks associated with longer-term agreements and the uncertainty regarding future capacity requirements and alternative options. In addition, longer contract renewal terms that result from the change would complicate any transition away from mandatory capacity and make it more difficult for non-LDCs to acquire primary firm capacity directly from pipelines needed to serve core loads due to the disconnect between shorter term contracts between retail marketers and their customers and the corresponding longer term pipeline contracting requirements. Therefore, Bay State believes that the elimination of the five-year matching term under the ROFR mechanism will reduce the competitiveness of upstream capacity markets and introduce even greater complexities associated with unbundling retail markets in capacity constrained regions, such as New England.

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Date: June 8, 2004

Witness Responsible: Francisco C. DaFonte

Bay State-4: Bay State Initial Comments at p. 20-21. The Company states that the FERC implementation of a standard market design ("SMD") for the electric industry would increase or further limit the competitiveness of capacity markets in New England. Please discuss how the implementation of the SMD could either increase or limit the capacity markets in New England.

RESPONSE: The substantial growth in the gas-fired electric generation market has resulted in a more interdependent gas and electric market structure. This is certainly true in New England where the majority of new generation capability is gas-fired with nearly 10,000 MW of new gas-fired generation capability added to New England markets in recent years. The substantial size and load characteristics of the generation market materially affect both short and long-term capacity markets. The rapid growth in gas-fired electric generation is the primary reason that New England capacity markets remain constrained even with the substantial incremental capacity associated with new pipeline projects serving the region.

The FERC's proposed Standard Market Design ("SMD") seeks to remove inefficiencies in electric transmission and generation markets through the implementation of standardized wholesale market rules and revised pricing and tariff terms for transmission services. Elements of the proposal are intended to promote new investments in electric generation and transmission facilities and to limit the exercise of market power by existing entities. Bay State believes that the market objectives FERC seeks to achieve as well as the interdependent nature of New England's gas and electric markets would lead to a material impact of the SMD proposal on gas capacity markets. The exact nature of this impact cannot be known because of the dynamic nature of both the gas and electric markets and the difficulty in predicting the response of market participants to any changes. However, Bay State believes that the SMD initiative is one of the FERC developments that the Department should monitor in relation to the competitiveness of gas capacity markets in the future.